

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**THE OFFICE OF THE CLERK OF THE CRIMINAL  
DISTRICT COURT - ORLEANS PARISH  
NEW ORLEANS, LOUISIANA**

**DECEMBER 31, 2017**

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## INDEPENDENT AUDITORS' REPORT

The Office of the Clerk of the Criminal District Court -  
Orleans Parish  
2700 Tulane Avenue  
New Orleans, Louisiana

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the major fund and the fiduciary fund information of The Office of the Clerk of the Criminal District Court - Orleans Parish (Clerk of Court), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Clerk of Court's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund and the fiduciary fund information of the Clerk of Court, as of and for the year ended December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7-10 and page 48, and Schedule of Proportionate Share of the Net Pension Liability on page 49, and the Schedule of Pension Contributions on page 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clerk of Court's basic financial statements. The schedule of compensation, reimbursements, benefits and other payments to agency head or chief executive officer are presented for purposes of additional analysis as required by the Louisiana Legislative Auditor and are not a required part of the basic financial statements.

The schedule of compensation, reimbursements, benefits and other payments to agency head or chief executive officer are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, reimbursements, benefits and other payments to agency head or chief executive officer are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated September 7, 2018 on our consideration of the Clerk of Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clerk of Court's internal control over financial reporting and compliance.

*LeBlanc Hausknecht, L.L.P.*

Metairie, LA  
September 7, 2018

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT – ORLEANS PARISH  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017

The Office of the Clerk of the Criminal District Court - Orleans Parish (Clerk of Court) management’s discussion and analysis is intended to assist the reader in focusing on significant financial issues, provide an overview of the Clerk of Court’s financial activity, and identify changes in the Clerk of Court’s financial position and its ability to address the next and subsequent year challenges. It also identifies any material deviations from the financial plan and identifies individual fund issues or concerns. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* and is intended to provide the financial results for the fiscal year ending December 31, 2017.

As required in GASB 34, the financial report is presented in the following order:

- Management’s Discussion and Analysis
- Basic Financial Statements
  - Government-Wide Financial Statements
  - Fund Financial Statements
  - Notes to the Financial Statements
- Required Supplementary Information
- Other Supplementary Information

#### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements provide a perspective of the Clerk of Court as a whole. These statements use the full accrual basis of accounting similar to private sector companies. There are two government-wide statements; the Statement of Net Position and the Statement of Activities.

The Statement of Net Position, combines and consolidates governmental funds’ current financial resources (short-term expendable resources) with capital assets, long-term obligations, deferred outflows/inflows of resources, regardless if they are currently available or not.

Consistent with the full accrual basis method of accounting, the Statement of Activities accounts for current year revenues and expenses regardless of when cash is received or paid. The intent of this statement is to summarize and simplify the user’s analysis of the costs of various services.

#### **FUND FINANCIAL STATEMENTS**

The fund statements are reported using the modified accrual basis of accounting. Under this basis of accounting, revenues are recorded when received except where they are measurable and available and therefore represent resources that may be appropriated. Expenditures are accounted for in the period that goods and services are used. In addition, capital asset purchases are expensed and not recorded as assets. Debt payments are recorded as expenditures in the current year and future debt obligations are not recorded.

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT – ORLEANS PARISH  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017

The Clerk has two types of funds: Governmental Funds and Fiduciary Funds.

Governmental Funds

The general fund, commonly referred to as the expense fund, is the only fund of the Clerk of Court. Louisiana Revised Statute, Section 1381.3 establishes the Clerk of Court’s expense fund for the purpose of accounting for all funds collected as clerk’s fees, interest on investments and any other funds generated by the Clerk of Court. Expenditures may be made from the expense fund to defray the operating costs of the Clerk of Court’s office.

Fiduciary Funds

The fiduciary funds are used to report assets held in trust for others and, therefore, cannot be used to support the operations of the Clerk’s office. These funds are custodial in nature (assets equal liabilities) and do not involve the measurement of operating results. The funds accounted for in this category by the Clerk’s Office relate to prisoner release bonds that have been set by the court, and expungement fees collected by the Clerk’s Office. These accounts are increased when the individual(s) deposit the bond set by the court, or expungement fees collected with expungement applications, and decreased upon disposition of the case by order of a judge for bonds, and decreased as expungement fees are disbursed to various agencies that receive a portion of the fee by law.

**FINANCIAL ANALYSIS OF THE CLERK OF COURT**

<b>STATEMENT OF NET POSITION:</b>	<b>12/31/2017</b>	<b>12/31/2016</b>
<b>ASSETS</b>		
Current assets	\$ 685,650	\$ 670,360
Capital assets, net	95,877	43,252
Total assets	<u>\$ 781,527</u>	<u>\$ 713,612</u>
Deferred outflows of resources	<u>\$ 1,268,030</u>	<u>\$ 1,799,143</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 50,114	\$ 45,518
Other current liabilities	64,579	21,700
Total current liabilities	<u>\$ 114,693</u>	<u>\$ 67,218</u>
Long Term Liabilities - Pension	<u>\$ 4,706,971</u>	<u>\$ 5,167,775</u>
Deferred inflows of resources	<u>\$ 282,077</u>	<u>\$ 448,395</u>
<b>NET POSITION</b>		
Invested in capital assets	\$ 95,877	\$ 43,252
Restricted	19,250	(3,213,885)
Unrestricted	(3,169,311)	-
Total Net Position	<u>\$ (3,054,184)</u>	<u>\$ (3,170,633)</u>

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT – ORLEANS PARISH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017

As indicated by the statement above, total net position increased from the prior year by \$116,449 resulting in ending net position of \$(3,054,184). The increase in net position is a result of the current period change in net position, the recording of entries in accordance with GASB 68 & 71 including the recording of the net pension liability, and deferred outflows/inflows. Net position can be separated into three categories: invested in capital assets, restricted and unrestricted. The current year unrestricted net position is \$(3,169,311). The unrestricted net position is an accumulation of prior years' operating results. This balance is directly affected each year by the Clerk of Court's operating results.

Net position invested in capital assets is a combination of capital assets at original cost less accumulated depreciation. The original cost of capital assets is an accumulation of capital assets year after year less any capital disposals. The accumulated depreciation is the accumulation of depreciation expense since acquisition. In accordance with accounting principles generally accepted in the United States of America, depreciation expense is recorded on the original cost of the asset, less an estimated salvage value, expensed over the estimated useful life of the asset. In the current year there was an increase in the net position invested in capital assets in the amount of \$52,625, as a result of purchases of capital assets in the amount of \$69,327 and depreciation expense in the amount of \$16,701.

The current year restricted net position is \$19,250.

**INVESTED IN CAPITAL ASSETS**

	<u>12/31/2017</u>	<u>12/31/2016</u>
Furniture and equipment	\$ 566,687	\$ 551,833
Building Improvements	37,215	86,733
Vehicles	42,458	-
Less: accumulated depreciation	<u>(550,483)</u>	<u>(595,315)</u>
Net capital assets	<u>\$ 95,877</u>	<u>\$ 43,251</u>

**RESULTS OF OPERATIONS**

<b>STATEMENT OF ACTIVITIES:</b>	<u>12/31/2017</u>	<u>12/31/2016</u>
Program revenues	\$ 4,890,373	\$ 4,636,536
Program expenses	<u>(4,773,924)</u>	<u>(4,562,159)</u>
Net	<u>116,449</u>	<u>74,377</u>
Increase (decrease) in Net Position	<u>116,449</u>	<u>74,377</u>
Net Position January 1	<u>(3,170,633)</u>	<u>(3,245,010)</u>
Net Position December 31,	<u>\$ (3,054,184)</u>	<u>\$ (3,170,633)</u>

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT – ORLEANS PARISH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017

**ORIGINAL VS. REVISED BUDGET**

As required by state law, the Clerk of Court adopts the original budget for the office prior to the commencement of the fiscal year to which the budget applies.

The Clerk of Court amended its original budget for the 2017 fiscal year.

**REVENUE BUDGET**

The Clerk of Court's amended general fund revenues of \$4,683,718 were less than the \$4,800,808 budget by \$117,090, a variance of approximately 2.4%.

**EXPENDITURE BUDGET**

The Clerk of Court's amended general fund expenditures of \$4,715,904 were less than the \$4,799,796 budget by \$83,892, a variance of approximately 1.7%.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The operations of the Clerk of Court's office are highly reliant upon appropriations from the City of New Orleans and from the State of Louisiana. Due to the heavy reliance of funding from other agencies, the Clerk of Court's Office could be effected by a downturn in the economy and a decline in funding from the state and local government.

**CONTACTING THE OFFICE OF THE CLERK OF THE CRIMINAL DISTRICT COURT - ORLEANS  
PARISH'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Clerk of Court's finances and demonstrate the Clerk of Court's accountability for money it receives. If you have questions about this report or need additional information, contact Mr. Larry C. Cager, Chief Deputy Clerk, at Room 114, 2700 Tulane, New Orleans, Louisiana 70119.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT - ORLEANS PARISH  
STATEMENT OF NET POSITION  
DECEMBER 31, 2017

ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 685,650
Total Current Assets	<u>685,650</u>
Non-Current Assets:	
Capital Assets, Net	95,877
Total Non-Current Assets	<u>95,877</u>
Total Assets	<u>781,527</u>
Total Deferred Outflows of Resources	<u>1,268,030</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	50,114
Other Current Liabilities	<u>64,579</u>
Total Current Liabilities	<u>114,693</u>
Long-term Liabilities:	
Net Pension Liability	<u>4,706,971</u>
Total Liabilities	<u>4,821,664</u>
Total Deferred Inflows of Resources	<u>282,077</u>
NET POSITION	
Net Investment in Capital Assets	95,877
Restricted	<u>19,250</u>
Unrestricted	<u>(3,169,311)</u>
Total Net Position	<u>\$ (3,054,184)</u>

The notes to the financial statements are an integral part of this statement.

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT - ORLEANS PARISH  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017

## EXPENSES

Salaries and Fringe Benefits	\$ 3,866,804
Election Salaries and Fringe Benefits	227,423
Professional Services	71,516
Repairs and Maintenance	8,297
Election Expenses	50,076
Expungement Costs	41,700
Office Supplies	111,996
Office Expense	76,426
Rent - Land & Building	69,000
Equipment Rental	10,267
Printing	34,047
Postage	12,128
Telephone	22,464
Utilities	1,827
Conventions, Meetings and Travel	36,767
Miscellaneous	114,879
Interest and Bank Charges	1,606
Depreciation	16,701
Total Program Expenses	<u>4,773,924</u>

## PROGRAM REVENUES

On-behalf Payments	4,088,783
Service Fees	168,429
State Reimbursement-election Expenses	235,513
Bond Fees	102,980
Reimbursed Expenses	78,720
Miscellaneous	208,313
Interest	7,635
Total Program Revenues	<u>4,890,373</u>

Change in Net Position	<u>116,449</u>
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Net Position - January 1, 2017	(3,170,633)
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Net Position - December 31, 2017	<u>\$ (3,054,184)</u>
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The notes to the financial statements are an integral part of this statement.

**FUND FINANCIAL STATEMENTS  
GOVERNMENTAL FUNDS**

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT - ORLEANS PARISH  
GOVERNMENTAL FUND  
BALANCE SHEET  
DECEMBER 31, 2017

ASSETS	
Cash and Cash Equivalents	<u>\$ 685,650</u>
Total Assets	<u>685,650</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts Payable	89,093
Other Current Payables	<u>25,600</u>
Total Liabilities	<u>114,693</u>
Fund Balance	
Restricted	19,250
Unassigned	<u>551,707</u>
Total Fund Balance	<u>570,957</u>
Total Liabilities and Fund Balance	<u>\$ 685,650</u>

The notes to the financial statements are an integral part of this statement.

THE OFFICE OF THE CLERK OF THE  
 CRIMINAL DISTRICT COURT – ORLEANS PARISH  
 RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE  
 TO THE STATEMENT OF NET POSITION  
 DECEMBER 31, 2017

Total Fund Balance at December 31, 2017 - Governmental Fund	\$ 570,957
Amounts reported for governmental activities in the Statement of Net Position is different because of:	
Cost of capital assets at December 31, 2017	646,360
Less: Accumulated depreciation as of December 31, 2017	
Furniture and Equipment	(550,483)
Deferred Outflows of Resources	1,268,030
Net Pension Liability	(4,706,971)
Deferred Inflows of Resources	<u>(282,077)</u>
Net Position at December 31, 2017	<u>\$ (3,054,184)</u>

The notes to the financial statements are an integral part of this statement.

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT – ORLEANS PARISH  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2017

## REVENUES

On-behalf payments	\$ 4,088,783
Service fees	168,429
State reimbursement-election expenses	235,513
Bond Fees	102,980
Reimbursed Expenses	78,720
Miscellaneous	1,658
Interest	7,635
Total Revenues	<u>4,683,718</u>

## EXPENDITURES

Salaries and fringe benefits	3,866,804
Election salaries and fringe benefits	227,423
Professional services	71,516
Repairs and maintenance	8,297
Election expenses	50,076
Expungement Costs	41,700
Office supplies	111,997
Office expense	76,426
Rent - Land & Building	69,000
Equipment Rental	10,267
Printing	34,047
Postage	12,128
Telephone	22,464
Utilities	1,827
Convention, meeting and travel	36,767
Miscellaneous	4,232
Interest and Bank Charges	1,606
Capital Outlay	69,327
Total Expenditures	<u>4,715,904</u>

Net Change in Fund Balance	<u>(32,186)</u>
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Fund Balance - January 1, 2017	603,143
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Fund Balance - December 31, 2017	<u>\$ 570,957</u>
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The notes to the financial statements are an integral part of this statement.

THE OFFICE OF THE CLERK OF THE  
 CRIMINAL DISTRICT COURT - ORLEANS PARISH  
 RECONCILIATION OF THE GOVERNMENTAL FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
 TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED DECEMBER 31, 2017

Net Change in Fund Balance - General Fund (Statement E) \$ (32,186)

Amounts Reported for governmental activities in the Statement of  
 Activities are different because:

Capital outlays are reported in governmental funds as expenditures,  
 however, in the Statement of Activities, the cost of those  
 assets are allocated over their estimated useful lives as depreciation  
 expense. This is the amount by which depreciation exceeds  
 capital outlays in the current period:

Depreciation expense	(16,701)
Capital outlays	69,327

Governmental funds report employer contributions to its pension plans as  
 expenditures; however, in the Statement of Activities, pension expense represents  
 the Clerk's proportionate share of the Clerks' change in net pension liability (110,647)

Revenue reported in the Statement of Activities for the Clerks' proportionate share  
 of non-employer contributions to the pension plans does not provide current  
 financial resources and, therefore, is not reported as revenue in the governmental  
 funds. 206,656

Change in Net Position of governmental activities (Statement B) \$ 116,449

The notes to the financial statements are an integral part of this statement.

**FIDUCIARY FUND STATEMENT  
AGENCY FUNDS**

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT - ORLEANS PARISH  
STATEMENT OF NET POSITION - AGENCY FUND  
DECEMBER 31, 2017

	<u>Total Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	<u>\$ 1,141,941</u>
Total Assets	<u>1,141,941</u>
<b>LIABILITIES</b>	
Bonds Payable	<u>1,141,941</u>
Total Liabilities	<u>\$ 1,141,941</u>

The notes to the financial statements are an integral part of this statement.

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT – ORLEANS PARISH  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017

## INTRODUCTION

As provided by Article V, Section 28 of the Louisiana Constitution of 1974, The Office of the Clerk of the Criminal District Court - Orleans Parish (Clerk of Court) serves as ex-officio custodian of voting machines and performs other election duties. The Clerk of Court is also a member of the Parish Jury Commission, which impanels persons for jury duty. The Clerk of Court is elected for a four-year term.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. BASIS OF PRESENTATION

The accompanying basic financial statements of the Clerk of Court have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999.

#### B. REPORTING ENTITY

The Clerk of Court is an independently elected official; however, the Clerk of Court is fiscally dependent on the City of New Orleans (the City). The City maintains and operates the parish courthouse in which the Clerk of Court's office is located, provides funds for equipment, furniture, and payroll of the Clerk of Court's office. Although the Clerk of Court is fiscally dependent on the City, the Clerk of Court is not considered to be a component unit of the City. The most recently issued Comprehensive Annual Financial Report (CAFR) of the City of New Orleans stated that the Clerk of Court's office is an independently elected official, prepares their own budget, and operates independently from the City of New Orleans, and therefore is not included in the CAFR of the City.

The accompanying financial statements present information only on the Clerk of Court's Expense Fund, as established by Louisiana Revised Statute, Section 1381.3. The on-behalf payments as described in the accompanying notes do not present information on the City, the general government services provided by that governmental unit, or the other governmental units that comprise that financial reporting entity.

#### C. FINANCIAL STATEMENT REPORTING

##### GOVERNMENT-WIDE FINANCIAL STATEMENTS:

The government-wide financial statements of the Clerk of Court consist of the Statement of Net Position and the Statement of Activities. Funds that are fiduciary in nature are not included in the Government-Wide Financial Statements.

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT – ORLEANS PARISH  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**  
**C. FINANCIAL STATEMENT REPORTING (continued)**

Deferred Outflows/Inflows of Resources

Within the statement of net position, in addition to assets, the statement will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

FUND FINANCIAL STATEMENTS:

The Clerk of Court uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Clerk functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The Clerk of Court's funds can be divided into two categories: governmental funds and fiduciary funds.

Governmental Fund

The governmental fund accounts for all of the Clerk of Court's general activities. This fund focuses on the sources, uses, and balances of current financial resources. The difference between the governmental fund's assets and liabilities is reported as fund balance. In general, the fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the Clerk of Court. The Clerk of Court maintains one governmental fund which is the expense fund. The expense fund is the primary operating fund of the Clerk of Court. It accounts for all financial resources, except those required to be accounted for in other funds. The expense fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the Clerk of Court policy.

Fiduciary Fund

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. The funds accounted for in this category are agency funds for cash bonds held for litigants pending court action. The agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT – ORLEANS PARISH  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING**

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the Clerk of Court as a whole. These statements included all the financial activities of the Clerk. Information contained in these statements reflect the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*.

Program Revenues – Program revenues included in the Statement of Activities are derived directly from the Clerk of Court users as a fee for services; program revenues reduce the cost of the function to be financed from the Clerk of Court's general revenues. Program revenues also include On-behalf of payments made by the City of New Orleans, election expense reimbursements from the State of Louisiana and grant revenue.

Fund Financial Statements (FFS)

The amounts reflected in the governmental fund are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in net positions reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Clerk of Court operations.

The amounts reflected in the governmental fund financial statements use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Clerk of Court considers all revenue available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Revenues from charges for services are recorded when earned. Expenditure-driven grants are recorded when the reimbursable expenditure has been incurred. Interest earnings are recorded when the investments have matured and the interest is available.

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (continued)**

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds, et cetera) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Deferred Revenues

Deferred revenues arise when resources are received by the Clerk of Court before it has a legal claim to them, as when grant monies are received before the incurrence of qualifying expenditures. In subsequent periods, when the Clerk of Court has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized. The Clerk of Court had no transactions of this nature.

**E. CASH AND CASH EQUIVALENTS**

Cash includes amounts in demand deposits and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the clerk may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

**F. INVESTMENTS**

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the Clerk of Court's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

**G. BUDGETS**

The proposed budget, which is prepared on the modified accrual basis of accounting, must be approved by the City Council of the City of New Orleans. The budget is legally adopted and amended, as necessary, by the Clerk of Court. All appropriations lapse at year-end. For the expense fund, the Clerk of Court has established a budget for service fees, court allocation-fines and costs revenues, state reimbursements, interest, evidence revenues and grant revenues. Budget amounts included in the accompanying budgetary comparison schedule included the original adopted budget. The Clerk of Court amended its original budget during the 2017 fiscal year. The original and amended budget of the Clerk of Court include the amounts adopted by the City of New Orleans for 2017 to fund this office.

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**H. CAPITAL ASSETS**

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Clerk of Court maintains a threshold level of \$1,000 or more for capitalizing assets. Capital assets are recorded in the GWFS, but are not reported in the FFS. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful life:

<u>Description</u>	<u>Estimated Life</u>
Furniture and Equipment	5 years
Vehicles	5 years
Building Improvements	15 years

**I. NET POSITION CLASSIFICATIONS**

In the government-wide financial statements, equity is classified as net position, and displayed in three components:

1. Net Investment in Capital Assets - The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation. At December 31, 2017 the net position for investment in capital assets was \$95,877.
2. Restricted Net Position - Net position is reported as restricted when constraints placed on use are either: (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. At December 31, 2017 the restricted net position was \$19,250.
3. Unrestricted Net Position - All other net position that does not meet the definition of "net investment in capital assets" or "restricted". At December 31, 2017 the unrestricted net position was \$(3,169,311).

**J. FUND BALANCE CLASSIFICATION**

In 2011, the Clerk of Court implemented the requirements of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. In accordance with this statement, in the fund financial statements, fund balances of the governmental fund types are now classified into one of five categories - Nonspendable, Restricted, Committed, Assigned or Unassigned. The classifications describe the relative strength of the spending constraints placed on the purposes for which resources are used:

- (a) Nonspendable fund balance - amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**J. FUND BALANCE CLASSIFICATION**

- (b) Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- (c) Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- (d) Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- (e) Unassigned fund balance - amounts that are available for any purpose that have not been restricted, committed or assigned to specific purposes within the general fund.

While the Clerk of Court has not established a policy for its use of unassigned fund balance, it does consider a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unassigned fund balance classifications could be used.

In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change. At December 31, 2017, the restricted fund balance was \$19,250, and the unassigned was \$551,707.

**K. ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**L. PENSIONS**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Louisiana Clerks' of Court Retirement and Relief Fund, and the City of New Orleans Municipal Employees' Retirement System (hereafter "Pension Funds"), and additions to/deductions from the Pension Funds fiduciary net position have been determined on the same basis as they are reported by the Pension Funds. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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**2. CASH AND EQUIVALENTS**

At December 31, 2017, the Clerk of Court has cash and cash equivalents (book balances) including fiduciary fund cash totaling \$1,827,591 as follows:

Demand deposits	\$ 1,129,824
Interest-bearing demand deposits	201,656
Certificates of deposit	<u>496,111</u>
Total	<u>\$ 1,827,591</u>

These deposits are stated at cost, which approximates market.

*Custodial Credit Risk:* Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Clerk of Court that the fiscal agent has failed to pay deposited funds upon demand. Further, Louisiana R.S. 39:1224 states that securities held by a third party shall be deemed to be held in the Clerk of Court's name.

At December 31, 2017, the Clerk of Court has \$1,850,583 in deposits (bank balances) which include the fiduciary fund deposits. These deposits were secured from risk by \$724,803 of federal deposit insurance coverage and by a pledge of securities owned by the fiscal agent bank in the amount of \$1,125,780.

*Interest Rate Risk:* This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity is to its fair value to changes in market interest rates. The Clerk of Court does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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**3. CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended December 31, 2017, are as follows:

<u>Government Activities</u>	Balance January 1, 2017	Additions	Retirements	Balance December 31, 2017
Furniture and equipment	\$ 551,833	\$ 14,854	\$ -	\$ 566,687
Vehicles	\$ 86,733	\$ 17,258	\$ (61,534)	\$ 42,457
Building Improvements	\$ -	\$ 37,215	\$ -	\$ 37,215
Less accumulated depreciation	<u>(595,315)</u>	<u>(16,701)</u>	<u>61,534</u>	<u>(550,482)</u>
Capital assets, net	<u>\$ 43,251</u>	<u>\$ 52,626</u>	<u>\$ -</u>	<u>\$ 95,877</u>

Depreciation expense for the year ended December 31, 2017 is \$16,701.

**4. LEASES**

The Clerk of Court leases office equipment on a month to month basis.

**5. ON-BEHALF PAYMENTS**

Fringe benefits and salaries of the employees of the Clerk of Court are paid by the City of New Orleans. As such, GASB Statement 24 requires that on-behalf payments for fringe benefits and salaries be recognized as revenue and expenditures. In addition to salaries and fringe benefits, the City pays a portion of the Clerks supplemental pay and certain other office expenses. The amount of on-behalf payments reported in the financial statements of the Clerk of Court as salaries and benefits at December 31, 2017 are as follows:

Salaries	\$ 2,573,431
Pension Plan Payments	495,813
Other Fringe Benefits	<u>797,560</u>
Total	<u>\$ 3,866,804</u>

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**5 ON-BEHALF PAYMENTS (continued)**

The City provides in the budget for the Clerk of Court, an amount to cover certain office expenses such as rent and office supplies. These expenditures are ordered by the Clerk of Court's office through the City's requisition system and paid for by the City. The amounts of these on-behalf payments at December 31, 2017 are as follows:

Postage & Delivery	\$	11,663
Records Storage		33,566
Building Rental		69,000
Office Expense		2,049
Office Equipment (not capital)		9,759
Uniforms		3,134
Capital Outlay		8,139
Office Supplies		84,668
Total	\$	221,978

The total on-behalf payments from the City of New Orleans recorded as revenue and expenses for the year ended December 31, 2017 is \$4,088,782.

**6. PENSION PLANS**

**Louisiana Clerks' of Court Retirement and Relief Fund**

**Plan Description:**

The Clerk of Court and other eligible employees are members of the Louisiana Clerks' of Court Retirement and Relief Fund (LCCRRF). LCCRRF is a cost-sharing multiple-employer defined benefit pension plan established in accordance with Louisiana Revised Statute 11:1501 to provide retirement, disability and survivor benefits for clerks of court and their assistants in each parish throughout the State of Louisiana. It is administered and controlled by a board of trustees. LCCRRF issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on the Louisiana Legislative Auditor's website at [www.la.gov](http://www.la.gov).

**Benefits Provided**

**Retirement benefits:**

Members who became eligible for membership before July 1, 2006

- Normal Retirement Age: 12 years of service and age 55
- Normal Retirement Benefit: 3 1/3% of the member's average final compensation multiplied by the number of years of credited service
- Monthly Average Final Compensation: Highest compensated 36 consecutive months, with a limit of increase of 10% in each of the last three years of measurement

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**6. PENSION PLANS (continued)**

Members hired on or after July 1, 2006

Normal Retirement Age: 12 years of service and age 55  
Normal Retirement Benefit: 3 1/3% of the member's average final compensation multiplied by the number of years of credited service  
Monthly Average Final Compensation: Highest compensated 60 consecutive months, with a limit of increase of 10% in each of the last six years of measurement

Members hired on or after January 1, 2011

Normal Retirement Age: 12 years of service and age 60  
Normal Retirement Benefit: 3% of the member's average final compensation multiplied by the number of years of credited service  
Monthly Average Final Compensation: Highest compensated 60 consecutive months, with a limit of increase of 10% in each of the last six years of measurement

Act 273 of the 2010 regular session applied the 60 consecutive months to all members.

Retirement benefits may not exceed 100% of final average compensation. A member leaving covered employment before attaining the early retirement age but after completing twelve years' credited service becomes eligible for a deferred allowance provided the member lives to the minimum service retirement age and does not withdraw his or her accumulated contributions.

Disability benefits:

A member is eligible to receive disability benefits if he has been officially certified as totally and permanently disabled by the State Medical Disability Board. Disability retirement benefits are determined and computed as follows:

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**6. PENSION PLANS (continued)**

Effective through June 30, 2008:

1. A member who is totally and permanently disabled solely as the result of injuries sustained in the performance of his official duties shall be paid monthly benefits equal to the greater of 1/2 of his monthly average final compensation or, at the option of the disability retiree, 2 1/2% of his monthly average final compensation multiplied by the number of his years of credited service; however, such monthly benefit shall not exceed \$25 for each year of his credited service or 2/3 of his monthly average final compensation, whichever is less.
2. A member who has ten or more years of credited service and who is totally and permanently disabled due to any cause not the result of injuries sustained in the performance of his official duties shall be paid monthly benefits equal to 3% of his monthly average final compensation multiplied by the number of his years of credited service; however, such monthly benefit shall not exceed \$35 for each year of his credited service or 80% of his monthly average final compensation, whichever is less.

Effective on or after July 1, 2008:

A member who is totally and permanently disabled pursuant to R.S.11:218 and one of the following applies:

1. Disability caused solely as a result of injuries sustained in the performance of their official duties.
2. A member has 10 or more years of credited service.

Monthly disability retirement benefits equal the greater of 40% of monthly average final compensation or 75% of their monthly regular retirement benefit computed pursuant to R.S. 11:1521(c).

Survivor benefits:

Upon the death of a member with less than five years of creditable service, the accumulated contributions and interest thereon are paid to the designated beneficiary. Upon the death of any active, contributing member with five or more years of service, automatic Option 2 benefits are payable to the surviving spouse. These benefits are based on retirement benefits accrued at the member's date of death with option factors used as if the member had continued in service to earliest normal retirement age. Benefit payments are to commence on the date a member would have first become eligible for normal retirement assuming continued service until that time. In lieu of a deferred survivor benefit, the surviving spouse may elect benefits payable immediately with benefits reduced 1/4 of 1% for each month by which payments commence in advance of the member's earliest normal retirement age. If a member has no surviving spouse, the surviving minor children under eighteen or disabled children are paid 1/2 of the member's accrued retirement benefit in equal shares. Upon the death of any former member with 12 or more years of service, automatic Option 2 benefits are payable to the surviving spouse with payments to commence on the member's retirement eligibility date.

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**6. PENSION PLANS (continued)**

In lieu of periodic payments, the surviving spouse or children may receive a refund of the member's accumulated contributions with interest.

*Deferred Retirement Option Plan (DROP):*

In lieu of terminating employment and accepting a service retirement allowance, any member of LCCRRF who has more than sufficient service for normal retirement may elect to participate in the Deferred Retirement Option Plan (DROP) for up to 36 months and defer the receipt of benefits. Upon commencement of participation in the plan, active membership in LCCRRF terminates and the participant's contributions cease; however, employer contributions continue. Compensation and creditable service remain as they existed on the effective date of commencement of participation in DROP. The monthly retirement benefits that would have been payable, had the member elected to cease employment and receive a service retirement allowance, are paid into the DROP account.

Upon termination of employment at the end of the specified period of participation, a participant in DROP may receive, at his option, a lump sum payment from LCCRRF. If employment is not terminated at the end of the participation period, payments into the account cease and the member resumes active contributing membership in LCCRRF. Interest is paid on DROP account balances for members who complete their DROP participation but do not terminate employment. Interest accruals cease upon termination of employment. Upon termination, the member receives a lump sum payment from the DROP fund equal to the payments made to LCCRRF on his behalf, or a true annuity based on his account (subject to approval by the Board of Trustees). The monthly benefit payments that were being paid into DROP are paid to the retiree and an additional benefit based on additional service rendered since termination of DROP participation is calculated using the normal method of benefit computation.

The average compensation used to calculate the additional benefit is that used to calculate the original benefit unless the period of additional service is at least 36 months. In no event can the entire monthly benefit amount paid to the retiree exceed 100% of the average compensation used to compute the additional benefit.

If a participant dies during the period of participation in DROP, a lump sum payment equal to the account balance is paid to the named beneficiary or, if none, to the member's estate.

*Cost of Living Adjustments:*

The board of trustees of LCCRRF are authorized provide a cost of living increase to members who have been retired for at least one full calendar year. The increase cannot exceed the lesser of 2.5% of the retiree's benefit or an increase of \$40 per month. The Louisiana statutes allows the board of trustees to grant an additional cost of living increase to all retirees and beneficiaries over age 65 equal to 2% of the benefit paid on October 1, 1977 or the member's retirement date if later. However, in order to grant any cost of living increase, LCCRRF must meet criteria as detailed in the Louisiana statutes related to funding status.

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**6. PENSION PLANS (continued)**

In lieu of granting a cost of living increase as described above, Louisiana statutes allow the board of trustees to grant a cost of living increase where the benefits shall be calculated using the number of years of service at retirement or at death plus the number of years since retirement or death multiplied by the cost of living amount which cannot exceed \$1.

**Contributions (Employer and Non-employer)**

According to state statute, contribution requirements for all employers are actuarially determined each year. The Clerk of Court was required to contribute 19.0% from July 1, 2016 through June 30, 2017, 19% from July 1, 2015 through June 30, 2016, and 19.0% from July 1, 2016 through June 30, 2017 of annual covered payroll. Employees are required to contribute 8.25% of their annual pay. In addition, LCCRRF also receives non-employer contributions including ad valorem taxes and state revenue sharing funds. The Clerk of Court's allocation percentage of these additional sources of income, which are not considered special funding situations, are recognized as revenue and excluded from pension expense.

The Clerk of Court's proportionate share of employer contributions for the measurement period (July 1, 2016 through June 30, 2017) was \$331,072 and the proportionate share of non-employer contributions was \$206,655.

The Clerk of Court's actual contributions to the LCCRRF pension for the year ended December 31, 2016 was \$311,282.

**The Employees' Retirement System of the City of New Orleans**

**Plan Description**

The clerical and administrative employees of the Clerk of Court, who were not already receiving benefits from any of the other retirement plans sponsored by the City of New Orleans are members of the Employees' Retirement System of the City of New Orleans (the Retirement System). The City Charter provides that the Retirement Ordinance (Chapter 114 of the Code) governs and controls the Retirement System under the management of a board of trustees. The Retirement System is a cost-sharing multiple-employer defined benefit pension plan established on July 1, 1947 to provide retirement, death, disability and survivor benefits to all employees of the parish, except those who are already or may hereafter be included in the benefits of any other pension or retirement system of the city, the state or any political subdivision of the state. The Retirement System issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on the Louisiana legislative Auditor's website at [www.la.la.gov](http://www.la.la.gov).

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**6. PENSION PLANS (continued)**

**Benefits Provided**

Retirement benefits:

Normal Retirement Age:     5 years of service and age 65  
                                      10 years of service and age 60  
                                      30 years of service, regardless of age  
                                      Any member whose age and service total 80

Retirement benefits consist of the following:

1. An annuity, which is the actuarial equivalent of the employee's accumulated contribution; plus
2. Effective for members retiring on or after January 1, 2002, an annual pension, which, together either the above annuity, provides total retirement allowance equal to 2.5% of average compensation times the first twenty-five years, plus 4% of average compensation times creditable service over twenty-five years.
3. Effective for members retiring before 2002, but on or after January 1, 1983, an annual pension, which, together with above annuity, provides total retirement allowance equal to 2% of average compensation times the first ten years, plus 2.5% of average compensation times the next ten years, plus 3% of average compensation times the next ten years, plus 4% of average compensation times creditable service over thirty years.
4. Effective January 1, 1983, additional pension equal to 2% of \$1,200 times first 10 years, plus 2 1/2% of \$1,200 times next 10 years, plus 3% of \$1,200 times next 10 years, plus 4% of \$1,200 times service over 30 years. Ceases at 62 or at eligibility for Social Security, whichever comes first. Effective January 1, 2002, the \$1,200 exclusion will not apply.
5. Additional pension for member who reaches age 65 with 20 or more years and the retirement allowance under (1) and (2) above is less than \$1,200 per year; to produce total retirement allowance of \$1,200 per year.
6. Effective January 1, 1982, for service retirement prior to age 62 with less than 30 years of service, (3) and (4) above are reduced by 3% for each year below 62. However, effective January 1, 1996, this reduction is not made if the employee has at least thirty years of service. Effective January 1, 2002 no reduction if age and service total at least 80.
7. Maximum benefit may not be greater than 100% of average compensation.
8. Effective June 1, 1999, minimum benefit of \$300 per month for retirees with ten years of service at retirement.

If a member dies after retirement and before receiving the amount of their accumulated contributions in annuity payments, then the lump sum balance of his contributions is paid to his beneficiary.

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**6. PENSION PLANS (continued)**

Disability benefits:

Ordinary disability retirement benefits are awarded to active members with ten or more years of creditable service if a physician nominated by the board of trustees certifies that the member is mentally or physically totally incapacitated and that such is likely to be permanent. The member receives a service retirement allowance, if eligible; otherwise the member will receive an disability retirement allowance which will consist of:

1. An annuity which is the actuarial equivalent of the employee's accumulated contributions; and
2. An annual pension, which, together with (1), equals 75% of service allowance that would have been payable at age 65, had a member continued in service to age 65, computed on the average compensation.
3. The minimum annual benefit is \$300 per year.

Accidental disability retirement benefits are award to members whom the board of trustees finds has been totally and permanently incapacitated as a result of an accident sustained in service as a member and occurring while in performance of his duty if a physician nominated by the board certifies that the member is mentally or physically totally incapacitated and that such is likely to be permanent. The member receives a service retirement allowance, if eligible; otherwise the member will receive an accidental disability retirement allowance which will consist of:

1. An annuity which is the actuarial equivalent of the employee's accumulated contributions; and
2. An annual pension equal to the difference between his annuity and 65% of earnable compensation for the year preceding the date of the accident.

Medical examinations are required every three years for those disability retirees under sixty. Accidental disability benefits are offset by Workmen's Compensation payments, if any.

Survivor benefits:

Upon the death of a member during active service, the member's accumulated plan contributions are paid to the member's beneficiary. In addition, if a member has three years of creditable service, an additional lump sum benefit equal to 25% of earnable compensation for the year preceding death, plus 5% of such earnable compensation for each additional year of creditable service (benefit not to exceed compensation made before death) is paid. Also, if at the date of death, the member was eligible for retirement and leaves a surviving spouse, the surviving spouse shall be eligible to elect either Option 2 or Lump Sum refund of employee's contributions. If, at date of death, the member was ineligible for retirement, but was at least 55 years of age and had ten or more years of creditable service or was under age 55 and had at least twenty years of creditable service, then the surviving spouse may elect to receive benefits equal to an actuarially reduced amount based upon the members' age and years of creditable service. The benefit will cease when surviving spouse reaches age of eligibility for Social Security. Any death benefit will be offset by Worker's Compensation benefits.

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**6. PENSION PLANS (continued)**

Optional forms of benefits:

1. If a member dies before receiving, in annuity payments, the value of his annuity at the time of his retirement, then the balance is payable to his beneficiary
2. 100% survivor's benefits - reduced retirement benefit continued to the beneficiary at the member's death. If the spouse predeceases the retiree, the benefit reverts back to the maximum amount.
3. 50% survivor's benefits - 50% of reduced retirement benefit continued to the beneficiary at the member's death. If the spouse predeceases the retiree, the benefit reverts back to the maximum amount.
4. Other benefits of equal actuarial value may be available upon approval of the board of trustees.

Withdrawal from Service:

Upon withdrawal from service, members are entitled to:

1. Effective January 1, 2002, a member who separates with five years of creditable service may allow his accumulated contributions to remain on deposit and service retirement allowance to begin as early as age 65.
2. Prior to January 1, 2002, withdrawal with ten years of creditable service prior to withdrawal from service, member may allow accumulated contributions to remain on deposit and service retirement allowance to begin as early as age 60 (subject to reduction if retirement is elected before age 62). If death occurs before retirement, return of accumulated contributions with interest.
3. Upon withdrawal without five years of creditable service, employee is entitled to return of his accumulated contributions with interest or may allow contributions to remain on deposit for maximum of five years. In the case of employee's death, then accumulated contribution plus interest are paid to their beneficiary
4. If employee re-enters after receipt of refund and continues service thereafter for at least six months, they may repay the amount of refund plus the amount of employer contributions, with compound interest, to receive prior creditable service again.

Deferred Retirement Option Plan (DROP):

In lieu of receiving a service retirement allowance, any member of the Retirement System who has more than sufficient service for a regular service retirement may elect to participate in the DROP program. A member can participate for up to five years. When a member joins DROP, he stops contributing to and earning benefits in the system. Employer contributions also stop. His retirement begins being paid into his DROP account.

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**6. PENSION PLANS (continued)**

Interest is earned on the DROP account at an annual rate set by the board of trustees. Members of the DROP receive cost of living increases, as they would have received as a retiree. Upon termination of employment at the end of the specified period of DROP participation, the DROP account is paid out. After the DROP period ends and upon continued or re-employment, the member may resume contributions and earn a supplemental benefit based on current covered compensation. If at the end of a members' period of DROP participation he does not terminate employment, payments in DROP shall cease and no further interest shall be earned or credited to the account. Payments shall not be made until employment is terminated.

*Cost of Living Adjustments:*

Cost of living provisions for the Retirement System allows the board of trustees to provide an annual cost of living increase. The board of trustees retains excess over average 3.5% interest earnings to provide cost of living increases in benefits to retirees (past or future) not to exceed 3% of the original benefit per each year of retirement. Effective January 1, 2001, additional one-time increase of 1% times member's or beneficiary's current monthly benefit times whole calendar years from date benefit commenced.

**Contributions (Employer)**

Contribution requirements for all employers are determined on the basis of regular interest and mortality tables adopted by the board of trustees, and additional percentage of earnable compensation, known as "Accrued Liability Contributions," determined by an actuary on basis of the amortization period adopted by the board of trustees. The Clerk of Court was required to contribute 21.49% from January 1, 2017 through December 1, 2017 and 22.512% from January 1, 2016 through December 31, 2016 of annual covered payroll. Employees are required to contribute 6% of their annual pay. The Retirement System does not receive non-employer contributions.

The Clerk of Court's proportionate share of employer contributions for the measurement period (January 1, 2016 through December 31, 2016) was \$190,909.

The Clerk of Court's actual contributions to the Retirement System for the year ended December 31, 2017 was \$184,530.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions**

At December 31, 2017, the Clerk of Court's net pension liability is comprised of its proportional share of the net pension liabilities of the Louisiana Clerks of Court Retirement and Relief Fund and the Employees' Retirement System of the City of New Orleans as follows:

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT – ORLEANS PARISH  
NOTES TO THE FINANCIAL STATEMENTS  
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6. PENSION PLANS (continued)

	<u>LCCRRF</u>	<u>Retirement System CNO</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	2,920,760	1,786,211	4,706,971
Measurement Date	6/30/2017	12/31/2016	
Proportion (%) of Net Pension Liability	1.93%	.70%	
Prior Year Proportionate Share of Net Pension Liability	3,510,809	1,656,966	5,167,775
Increase (Decrease) From Prior Measurement Date	(590,049)	129,245	(460,804)
Proportion of Net Pension Liability	1.90%	.74%	
Increase (Decrease in Proportion (%) of the Net Pension Liability	0.03 %	(0.04)%	
Pension Expense	354,728	251,731	606,459

The total pension liability for each pension plan used to calculate the net pension liability was determined by an actuarial valuation as of the reported measurement date. In addition, the Clerk of Court's allocation of the net pension liability was based on the Clerk of Court's projected contribution effort to the plan for the next fiscal year as compared to the total of projected contributions of all participants, actuarially determined.

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT – ORLEANS PARISH  
NOTES TO THE FINANCIAL STATEMENTS  
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**6. PENSION PLANS (continued)**

At December 31, 2017, the Clerk of Court reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Louisiana Clerks' of Court Retirement and Relief Fund:**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 88,453	\$ 76,642
Changes of Assumptions	127,384	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	40,000	-
Changes in Proportion and Differences Between Clerk of Court's Contributions and Proportionate Share of Contributions	97,609	143,869
Contributions Made Subsequent to the Measurement Date	<u>157,008</u>	<u>-</u>
	<u>\$ 510,454</u>	<u>\$ 220,511</u>

**Employees' Retirement System of the City of New Orleans:**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 374,402	\$ 40,826
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	206,772	20,740
Changes in Proportion and Differences Between Clerk of Court's Contributions and Proportionate Share of Contributions	(8,128)	-
Contributions Made Subsequent to the Measurement Date	<u>184,530</u>	<u>-</u>
	<u>\$ 757,576</u>	<u>\$ 61,566</u>

THE OFFICE OF THE CLERK OF THE  
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6. PENSION PLANS (continued)

Total All Pension Plans:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 462,855	\$ 117,468
Changes of Assumptions	127,384	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	246,772	20,740
Changes in Proportion and Differences Between Clerk of Court's Contributions and Proportionate Share of Contributions	89,481	143,869
Contributions Made Subsequent to the Measurement Date	<u>341,538</u>	<u>-</u>
	<u>\$ 1,268,030</u>	<u>\$ 282,077</u>

The Clerk of Court's office recognized in pension expense its proportionate share of the Plans' change in net pension liability as follows:

Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through each pension plan.

Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period.

Changes in assumptions about future economic demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plans.

Changes in the Clerk of Court's proportionate share of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in Clerk of Court's pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plans.

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT – ORLEANS PARISH  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017

**6. PENSION PLANS (continued)**

Differences between contributions remitted to the Plan during the measurement period and the employer's proportionate share of contributions are recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plans.

Deferred outflows of resources related to pensions resulting from the Clerk of Court's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31st</u>	<u>Amount</u>
2018	\$ 67,653
2019	296,997
2020	205,460
2021	(55,638)
2022	42,940
Thereafter	85,977
	<u>\$ 643,389</u>

**Actuarial Assumptions:**

**Louisiana Clerks of Court Retirement and Relief Fund**

The total net pension liability in the June 30, 2017 actuarial valuation of LCCRRF was determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7% Net of Investment Expense, Including Inflation
Projected Salary Increases	5.00%
Mortality Rates	RP-2000 Employee Table (set back 4 years for males and 3 years for females) RP-2000 Disabled Lives Mortality Table (set back 5 years for males and 3 years for females) RP-2000 Healthy Annuitant Table (set forward 1 year for males and projected to 2030 using Scale AA for males and females)
Expected Remaining Service Lives	5 years
Cost of Living Adjustment	The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the board of trustees as they were deemed not to be substantively automatic.

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT – ORLEANS PARISH  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017

**6. PENSION PLANS (continued)**

The actuarial assumptions used were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014, unless otherwise specified.

The mortality rate assumptions used in the June 30, 2017 valuations were set after combining data from this plan with three other statewide plans which have similar workforce composition in order to produce a credible experience. The aggregated data was collected over the period of July 1, 2009 through June 30, 2014.

The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of LCCRRF's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that these tables would produce reliable values approximating the appropriate generational mortality tables used.

The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates taking into consideration the recommendation of LCCRRF's actuary. Based on these assumptions, LCCRRF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on LCCRRF's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The long-term rate of return is 7.20% for the measurement period ended June 30, 2016.

THE OFFICE OF THE CLERK OF THE  
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NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017

**6. PENSION PLANS (continued)**

The best estimates of geometric real rates of return for each major asset class based on LCCRRF's target asset allocation as of June 30, 2017 were as follows:

Asset Class	Long-Term Target Asset Allocation	Expected Portfolio Real Rate of Return
Large Cap Domestic Equities	21.00%	5.25%
Other Domestic Equities	7.00%	5.00%
Large Cap International Equities	14.00%	5.25%
Small Cap International Equities	6.50%	5.25%
Emerging Markets International Equities	6.50%	7.25%
Core Fixed Income	5.00%	1.75%
Core-plus Fixed Income	15.00%	2.25%
Master Limited Partnerships	5.00%	7.00%
Hedge Funds	10.00%	3.00%
Real Estate	<u>10.00%</u>	4.50%
Total	<u>100.00%</u>	

*Sensitivity of the Clerk of Court's proportionate share of the net pension liability to changes in the discount rate.*

The following presents the Clerk of Court's proportionate share of the net pension liability calculated using the discount rate of 7%, as well as what the Clerk of Court's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6 percent) or 1-percentage-point higher (8 percent) than the current rate:

1% Decrease 6.0%	Current Discount Rate 7.0%	1% Increase 8.0%
\$ 4,469,812	\$ 2,920,760	\$ 1,605,671

*Pension plan fiduciary net position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued Louisiana Clerks' of Court Retirement and Relief Fund's financial report.

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT – ORLEANS PARISH  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017

**6. PENSION PLANS (continued)**

**Actuarial Assumptions:**

**Employees' Retirement System of the City of New Orleans**

The total net pension liability in the December 31, 2015 actuarial valuation of the Retirement System was determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 net of Investment Expense
Projected Salary Increases	5.00%
Mortality Rates	RP-2000 Group Annuity Mortality Table
Retirement Age Assumptions	Based on Results of 2006-2010 Periodic Actuarial Experience Study
Expected Remaining Service Lives	8 years
Cost of Living Adjustment	The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the board of trustees as they were deemed not to be substantively automatic.

The long-term expected rate of return on the Retirement System's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The best estimates of arithmetic real rates of return for each major asset class based on the Retirement System's target asset allocation as of December 31, 2016 were as follows:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Real Rate of Return</u>
Cash Equivalents	2.00 %	0.04 %
Securities	58.00 %	4.77 %
Fixed Income	25.00 %	0.77 %
Real Estate	5.00 %	0.34 %
Other Alternative Investments	10.00 %	0.73 %
Total	<u>100.00 %</u>	<u>6.65 %</u>
Inflation		<u>2.26 %</u>
Expected Real Rate of Return		<u>8.91 %</u>

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT – ORLEANS PARISH  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017

**6. PENSION PLANS (continued)**

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates taking into consideration the recommendation of the Retirement System’s actuary. Based on these assumptions the Retirement System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Clerk of Court’s proportionate share of the net pension liability to changes in the discount rate

The following presents the Clerk of Court’s proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the Clerk of Court’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
\$ 2,223,384	\$ 1,786,211	\$ 1,419,499

Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued Employees’ Retirement System of the City of New Orleans’ financial report.

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT – ORLEANS PARISH  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017

**7. LITIGATION AND CONTINGENCY**

On August 7, 2014 the State of Louisiana, Governor's Office of Homeland Security and Emergency Preparedness ("GOHSEP"), informed the Clerk of Court that an overpayment had been made to the Clerk of Court in the amount of \$358,491. In 2015 an overpayment was made to the Clerk of Court in the amount of \$9,270. The overpayments were related to the Clerk being a participant in the FEMA Public Assistance Grant Program in which they received disaster-related grants for expenses incurred from hurricane Katrina in 2005. The overpayment was a result of FEMA paying 100% of the claim on which insurance proceeds were thought to be available to offset a portion of the costs.

On June 26, 2017 the Office of Risk Management (hereafter "ORM") for the State of Louisiana, entered into a Cooperative Endeavor Agreement with GOHSEP and the Clerk of Criminal District Court, whereas, ORM agreed to pay \$365,979.20 to GOHSEP per the Clerk of Court. The parties agreed to cooperate in order for all reconciled insurance overpayments to be paid. The Clerk of Court is responsible for the administrative fees. However, the Clerk of Court has outstanding credits with GOHSEP from pending claims. When GOHSEP completes closure of all claims to the Clerk of Court, the credits will be applied to any outstanding balance. As of June 20, 2018 it was determined that the liability of the Clerk was \$204.96 for these balances, which was immediately paid. The Clerk considers this issue settled.

**8. SUBSEQUENT EVENTS**

GASB Accounting Standards Codification Topic 855, "Subsequent Events" addresses events which occur after the balance sheet date but before the issuance of financial statements. An entity must record the effects of subsequent events that provide evidence about conditions that existed at the balance sheet date, and must disclose but not record the effects of subsequent events which provide evidence about conditions that existed after the balance sheet date. Additionally, Topic 855 requires disclosure relative to the date through which subsequent events have been evaluated and whether that is the date on which the financial statements were issued or were available to be issued.

Management evaluated the activity of The Office of the Clerk of the Criminal District Court - Orleans Parish through September 7, 2018, the date the financial statements were issued, and concluded that the following subsequent event requires disclosure in the notes to the financial statements.

The The Office of the Clerk of the Criminal District Court - Orleans Parish is currently defending a law suit brought by the City of New Orleans, which is a result of an ongoing issue regarding the City's responsibility to fund the Clerks office including the number of employees required to run the office. In addition there are two related cases in appeals court which are currently in process. The outcome of this litigation and any potential settlement or liability is unknown at this time.

**REQUIRED SUPPLEMENTARY INFORMATION**

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT-ORLEANS PARISH  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Personal Services	\$ 3,391,810	\$ 4,162,583	\$ 4,094,227	\$ 68,356
Other Operating Expenses	<u>344,188</u>	<u>637,213</u>	<u>621,677</u>	<u>15,536</u>
Total Expenditures	<u>\$ 3,735,998</u>	<u>\$ 4,799,796</u>	<u>\$ 4,715,904</u>	<u>\$ 83,892</u>
Revenues	<u>\$ 3,736,504</u>	<u>\$ 4,800,808</u>	<u>\$ 4,683,718</u>	<u>\$ (117,090)</u>
Total Revenues	<u>\$ 3,736,504</u>	<u>\$ 4,800,808</u>	<u>\$ 4,683,718</u>	<u>\$ (117,090)</u>
Net Change in Fund Balance	<u>\$ 506</u>	<u>\$ 1,012</u>	<u>\$ (32,186)</u>	<u>\$ (33,198)</u>
Fund Balance, Beginning of Year	<u>\$ 603,143</u>	<u>\$ 603,143</u>	<u>\$ 603,143</u>	<u>\$ -</u>
Fund Balance, End of Year	<u>\$ 603,649</u>	<u>\$ 604,155</u>	<u>\$ 570,957</u>	<u>\$ (33,198)</u>

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT - ORLEANS PARISH  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
FOR THE LAST THREE FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Louisiana Clerks' of Court Retirement and Relief Fund</b>			
Proportion of the net pension liability	1.930527 %	1.897761 %	1.761811 %
Proportionate share of the net pension liability	2,920,760	3,510,809	2,642,772
Covered-employee payroll during measurement period	1,600,821	1,539,889	1,364,737
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	182.45 %	227.99 %	193.65 %
Plan fiduciary net position as a percentage of the total pension liability	76.69 %	74.17 %	78.13 %
<b>Employees' Retirement System of the City of New Orleans</b>			
Proportion of the net pension liability	0.699186 %	0.741081 %	0.741081 %
Proportionate share of the net pension liability	1,786,211	1,656,966	1,255,580
Covered-employee payroll during measurement period	873,250	857,804	908,701
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	204.55 %	193.16 %	138.17 %
Plan fiduciary net position as a percentage of the total pension liability	58.06 %	60.26 %	68.64 %

**Notes:**

The measurement period for the net pension liability for the Louisiana Clerks' of Court Retirement and Relief Fund for calendar years 2017, 2016 and 2015 are July 1, 2016 through June 30, 2017, July 1, 2015 through June 30, 2016 and July 1, 2014 through June 30, 2015, respectively.

The measurement period for the net pension liability for the Employees' Retirement System of the City of New Orleans for calendar years 2017, 2016 and 2015 are January 1, 2016 through December 31, 2016, January 1, 2015 through December 31, 2015 and January 1, 2014 through December 31, 2014, respectively.

Information related to 2014 through 2007 is not available.

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT - ORLEANS PARISH  
SCHEDULE OF PENSION CONTRIBUTIONS  
FOR THE LAST FOUR FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b><u>Louisiana Clerks' of Court Retirement and Relief Fund</u></b>				
Statutorily required contributions	\$ 311,282	\$ 300,442	\$ 280,946	\$ 256,528
Contributions in relation to the statutorily required contributions	<u>(311,282)</u>	<u>(300,442)</u>	<u>(280,946)</u>	<u>(256,528)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll during calendar year	1,638,326	1,581,274	1,478,663	1,368,951
Contributions as a percentage of covered-employee payroll	19.00 %	19.00 %	19.00 %	18.74 %

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT - ORLEANS PARISH  
SCHEDULE OF PENSION CONTRIBUTIONS  
FOR THE LAST FOUR FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b><u>Employees' Retirement System of the City of New Orleans</u></b>				
Statutorily required contributions	\$ 184,530	\$ 196,586	\$ 193,675	\$ 197,897
Contributions in relation to the statutorily required contributions	<u>(184,530)</u>	<u>(196,586)</u>	<u>(193,675)</u>	<u>(197,897)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll during calendar year	858,678	873,250	857,804	908,701
Contributions as a percentage of covered-employee payroll	21.490 %	22.512 %	22.578 %	21.778 %

**Notes:**

According to state statute, contribution requirements for all employees are actuarially determined each year.

Information related to 2013 through 2007 is not available.

THE OFFICE OF THE CLERK OF THE  
 CRIMINAL DISTRICT COURT - ORLEANS PARISH  
 SCHEDULE OF COMPENSATION, REIMBURSEMENTS, BENEFITS AND  
 OTHER PAYMENTS TO AGENCY HEAD  
 OR CHIEF EXECUTIVE OFFICER  
 FOR THE YEAR ENDED DECEMBER 31, 2017

AGENCY HEAD NAME: **Arthur Morrell**

<b><u>PURPOSE</u></b>	<b>AMOUNT</b>
Base Salary & Certification - CNO	135,189
Supplemental - CNO	15,739
Supplemental - Clerks Assoc.	22,800
CNO on behalf of benefits - retirement	30,122
Travel Expenses	1,230
Registration Fees	1,225
Clerks of Court Association Dues	2,603
Housing Expenses	1,985
Meals	318

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Office of the Clerk of the  
Criminal District Court - Orleans Parish  
2700 Tulane Avenue  
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the fiduciary fund information of The Office of the Clerk of the Criminal District Court - Orleans Parish (Clerk of Court) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Clerk of Court's basic financial statements, and have issued our report thereon dated September 7, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Clerk of Court's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Clerk of Court's internal control. Accordingly, we do not express an opinion on the effectiveness of Clerk of Court's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clerk of Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two (2) instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses. [2017-001 and 2017-002].

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 25:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*LeBlanc Hausknecht, L.L.P.*

Metairie, LA  
September 7, 2018

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT – ORLEANS PARISH  
SCHEDULE OF AUDIT FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2017

SECTION I –SUMMARY OF AUDITOR’S RESULTS

Financial Statements

- A. The auditor's report expresses an unmodified opinion on the financial statements of the The Office of the Clerk of the Criminal District Court - Orleans Parish.
- B. There were no instances of material weaknesses or significant deficiencies disclosed during the audit of the financial statements of the The Office of the Clerk of the Criminal District Court - Orleans Parish.
- C. There were two (2) instances of noncompliance material to the financial statements of the The Office of the Clerk of the Criminal District Court - Orleans Parish which would be required to be reported in accordance with Government Auditing Standards and were disclosed during the audit.

Federal Awards

- D. The type of report issued on compliance for major programs: N/A.
- E. Any audit findings which are required to be reported under section 510(a) of OMB Circular A-13: N/ A
- F. Major programs: N/A.
- G. Dollar threshold used to distinguish between Type A and Type B programs: N/A.
- H. Auditee qualified as a low-risk auditee under section 530 of OMB Circular A-133: N/A.
- I. A management letter was issued: Yes

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT – ORLEANS PARISH  
SCHEDULE OF AUDIT FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2017

SECTION II – FINANCIAL STATEMENT FINDINGS

**The following noncompliance issues were found during the audit:**

**2017-001. Audit reporting package not submitted by the due date of June 30, 2018**

*Statement of Condition:* The audit reporting package was not timely filed on June 30, 2018.

*Criteria:* According to R.S. 24:513 an audit is to be completed within six months of the close of the entity's fiscal year.

*Cause:* The information needed to complete the audit timely was not provided to the audit firm in time to complete the audit and the agreed-upon procedures by the due date. Due to a staffing shortage in the Clerk's accounting office, the auditor's requests were not fulfilled within the timeframe established, therefore the audit could not be completed by the due date of June 30, 2018.

*Effect or Potential Effect:* The financial reporting package was submitted to the Louisiana Legislative Auditor late.

*Recommendations:* Management should begin the process of gathering the applicable information needed well in advance of the reporting deadline. Management should strive to assist the auditors to obtain all requested information needed to perform testing as determined necessary by the auditors in a timely fashion.

***Management's Corrective Action Plan:***

See page 64 of this report

**2017-002. Capital Assets Inventory Not Maintained in Accordance with Policy:**

*Statement of Condition:* A capital asset inventory is maintained, however not all capital assets have been tagged for identification purposes, nor does the capital asset inventory include the cost of all asset for the purpose of reconciliation to the financial records.

*Criteria:* Revised Statute 24:515.B.1 requires the municipality to maintain records of its capital assets. The clerk is responsible for recording, tagging (for identification purposes), and coordinating the annual inventory of all capital assets. The listing of capital assets is to be updated each year for assets acquired and disposed.

*Cause:* The capital asset inventory has been a work in process for a number of years; however, a complete listing is still not available. The listing does not include older purchased assets that the purchase date and cost have not yet been identified, and therefore cannot be cross referenced to the capital asset spreadsheet maintained for financial reporting purposes and tied to the general ledger.

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT – ORLEANS PARISH  
SCHEDULE OF AUDIT FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2017

2017-002. Capital Assets Inventory Not Maintained in Accordance with Policy (continued):

*Effect or Potential Effect:* Failure to identify and periodically account for municipality assets/property exposes the municipality to possible loss, theft, and misuse of its assets.

*Recommendations:* All purchases above the capitalization policy of \$1,000 should be given an identification number and tagged with a sticker containing the identification number and the municipality in accordance with the Clerk's policy. The capital asset inventory should include the asset identification number, the date purchased and cost of the asset. This should be a cumulative document where new additions are added and assets disposed of are removed. By starting with the current year and including the cost of new assets purchased would improve the ability to verify the asset inventory with the financial records.

The entity should review best practices for capital assets as indicated on the LLA website. A physical inventory should be taken annually in accordance with best practices, and the documentation of the inventory process maintained in the Clerk's records to provide to the auditors upon request.

***Management's Corrective Action Plan:***

See page 64 of this report

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT – ORLEANS PARISH  
SCHEDULE OF AUDIT FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2017

SECTION II – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

**NOT APPLICABLE**

THE OFFICE OF THE CLERK OF THE  
CRIMINAL DISTRICT COURT – ORLEANS PARISH  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2017

SECTION III - FINANCIAL STATEMENT FINDINGS

**The following noncompliance issues were found in the prior year audit:**

**2016-001. Audit reporting package not submitted by the due date of June 30, 2017**

*Statement of Condition:* The audit reporting package was not timely filed on June 30, 2017.

**STATUS:** Finding not resolved, see current year finding # 2017-001.

**2016-002. Capital Assets Inventory Not Maintained in Accordance with Policy:**

*Statement of Condition:* A capital asset inventory is maintained, however not all capital assets have been tagged for identification purposes, nor does the capital asset inventory include the cost of the asset for the purpose of reconciliation to the financial records.

**STATUS:** Finding not resolved, see current year finding # 2017-002.

September 7, 2018

**MANAGEMENT LETTER**

The Office of the Clerk of the  
Criminal District Court - Orleans Parish  
2700 Tulane Avenue  
New Orleans, Louisiana

We have audited the basic financial statements of The Office of the Clerk of the Criminal District Court - Orleans Parish (Clerk of Court) as and for the year ended December 31, 2017 and have issued our report thereon dated September 7, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As part of our examination, we have issued our report on the financial statements, dated September 7, 2018 and our report on internal control and compliance with laws, regulation, contracts, and grants, dated September 7, 2018.

During the course of our examination, we became aware of the following matters which represent immaterial deviations of compliance or suggestions for improved internal controls.

**Suggestion 2017-1 (repeat of Suggestion 2016-1). Accounts Payable:**

The accounts payable aging detail report did agree to the general ledger; however, it was found to be incorrect. The report included old items that were no longer payable, and negative amounts that were incorrect. A search for unrecorded liabilities revealed payables that were not included on the accounts payable detail aging report. The accounts payable detail aging in the accounting system should be adjusted to correctly reflect accounts payable outstanding.

Due to limitations in the accounting system, the entity has been unable to remove the old and incorrect amounts from the subsidiary ledger. The subsidiary report should agree to the general ledger and should reflect the actual accounts payable due. An entry was made by the Clerk at year end to bring the accounts payable balance in the financial statements, to actual.

**Recommendations:** Management should review the accounts payable aging detail on a regular basis for correct balance. The accounting software vendor should be contacted to advise how to correct for old and negative balances contained on the aging detail. The aging detail should reflect only current bills due.

**Management's Response:**

See page 65 of this report

## Management Letter (continued)

### **Suggestion 2017-2 (repeat of Suggestion 2016-3) Bank reconciliations with old outstanding items, and bank reconciliations that do not agree to the general ledger:**

Some of the bank reconciliations contained old outstanding items which may cause the cash accounts to be misstated. Bank reconciliations are a valuable tool to ensure that transactions have been recorded correctly. Staff that prepare bank reconciliations should not have any connection with handling cash, recording deposits, or writing checks. Bank statements should be opened and reviewed by a high level management official prior to providing the bank statements to the staff for preparing the bank reconciliations.

On one bank reconciliation, the reconciled balance did not agree to the general ledger. Bank reconciliations that do not tie to the general ledger indicate that transactions were entered or adjusted after the reconciliation was prepared. This also indicates that the entity is not reviewing the prepared reconciliations to the general ledger.

**Recommendations:** All old outstanding items should be researched as to the cause and corrected accordingly. The accounting supervisor should review all bank reconciliations prepared by staff to be sure the reconciliation is in agreement with the general ledger. Care should be taken to insure transactions are not recorded to a period prior to the bank reconciliation date.

A key control that could be implemented with regard to the bank accounts is for the Clerk, or the Chief Deputy Clerk, to directly receive, open and review all bank statements for unusual transactions. The Clerk (or Chief Deputy Clerk) should initial the bank statements and forward them to the accounting department for reconciliation, as evidence that the statements have been reviewed.

#### **Management's Response:**

See page 65 of this report

### **Suggestion 2017-3 Chart of Accounts:**

The Clerk's chart of accounts contains many accounts without an identified account number and multiple accounts that appear to be the same with different account numbers.

**Recommendations:** The chart of accounts needs to be critically reviewed, cleaned up and consolidated. You should not use multiple office expense accounts and multiple office supplies accounts. We suggest limiting who can add account numbers to the system and only add accounts if absolutely necessary.

#### **Management's Response:**

See page 65 of this report

## Management Letter (continued)

### Suggestion 2017-4 Policy Manuals:

Some of the policies in the Clerk's policy manual are boiler plate and should be customized to reflect actual policies and procedures for the Clerk's operations. We found that some written policies did not contain procedures we know are in place and other polices described procedures that are not applicable to the Clerk's office.

**Recommendations:** Management should review / revise all policies and procedures of the Clerk's office and customize those that are in existence to reflect the actual procedures being performed. All procedures that are in place should be included in the Clerk's written documentation. The Clerk should revise it's ethics policies to include the prohibitions outlined in R.S 42:1111-1121, actions to be taken when a violation occurs, and procedures for monitoring ethics violations.

### Management's Response:

See page 65 of this report

### Conclusion:

We recommend management address the foregoing issues as an improvement to operations and the administration of public programs. We are available to further explain the suggestions or help implement the recommendations.

*LeBlanc Hauskrecht, L.L.P.*

Metairie, LA  
September 7, 2018



ARTHUR A. MORRELL  
CLERK OF COURT



2700 Tulane Ave. #114  
New Orleans, LA 70119

CLERK'S OFFICE  
CRIMINAL DISTRICT COURT  
CHIEF ELECTIONS OFFICER

OFFICE (504) 658-9000  
FAX (504) 658-9183

**Corrective Action  
2017 Management Response  
August 30, 2018**

**2017-001. Audit reporting package not submitted by the due date of June 30, 2018**

*Management will attempt to start upcoming audit in a more timely manner.*

**2017-002. Capital Assets Inventory Not Maintained in Accordance with Policy:**

*According to our policy for fixed assets. There was only one fixed asset. A desk. That was told to the auditor and that invoice was handed over also. That item was labeled.*

**Arthur A. Morrell  
Clerk of Criminal District Court**



ARTHUR A. MORRELL  
CLERK OF COURT



2700 Tulane Ave. #114  
New Orleans, LA 70119

CLERK'S OFFICE  
CRIMINAL DISTRICT COURT  
CHIEF ELECTIONS OFFICER

OFFICE (504) 658-9000  
FAX (504) 658-9183

## Management Letter 2017 Management Response August 30, 2018

### SUGGESTION 2017-1 ACCOUNTS PAYABLE:

Outstanding bills are no longer entered in the previous manner. Bills are routed directly into pay bills.

### SUGGESTION 2017-2 BANK RECONCILIATIONS:

A review of all reconciliations for dated items is currently being conducted. These items will be researched hand handled accordingly.

### SUGGESTION 2017-3 CHART OF ACCOUNTS:

A review of the chart of accounts is in the process. Any duplicated accounts will be deactivated and/or consolidated.

### SUGGESTION 2017-4 POLICY MANUALS:

*The Clerk of Criminal District Court is currently conducting a review of its current policies and state law to develop new policies in accordance to state law.*

**Arthur A. Morrell**  
**Clerk of Criminal District Court**

**The Office of the Clerk of the Criminal District Court**  
**Statewide Agreed-Upon Procedures Report**  
**For the period January 1, 2017 through December 31, 2017**

**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

**For the Period of January 1, 2017 – December 31, 2017**

**To the Honorable Arthur Morrell**

**and to the Louisiana Legislative Auditor:**

We have performed the procedures enumerated below, which were agreed to by the Office of the Clerk of the Criminal District Court (hereafter "CCOC"), and the Louisiana Legislative Auditor (hereafter "LLA") on the control and compliance (hereafter "C/C") areas identified in the LLA's Statewide Agreed-Upon Procedures (hereafter "SAUPs") for the period January 1, 2017 thru December 31, 2017. CCOC's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

**WRITTEN POLICIES AND PROCEDURES**

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- 1) Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
  - (a) Budgeting, including preparing, adopting, monitoring, and amending the budget.
  - (b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - (c) Disbursements, including processing, reviewing, and approving.
  - (d) Receipts, including receiving, recording, and preparing deposits.
  - (e) Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

**WRITTEN POLICIES AND PROCEDURES - CONTINUED**

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- (f) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- (g) Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.
- (h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- (i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- (j) Debt Service, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements (*not applicable to CCOC*).

***Results: We obtained the CCOC written policies and procedures directly from the Accounting Supervisor, and found that the CCOC did not have written policies for all of the areas regarding purchasing and ethics. Under the purchasing requirement, there were no policies and procedures for the following: (1) how vendors are added to the vendor list, and (2) controls to ensure compliance with the public bid law.***

***Under the ethics requirement, there were no policies and procedures for the following: (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policies.***

**Management's response on procedure 1:**

See attached letter from the CCOC dated August 30, 2018.

**BOARD (OR FINANCE COMMITTEE, IF APPLICABLE)**

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- 2) Obtain and review the board/committee minutes for the fiscal period, and:
  - (a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
  - (b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

**BOARD (OR FINANCE COMMITTEE, IF APPLICABLE) - CONTINUED**

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- ◆ If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
- (c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

**Results:** *This section is not applicable to this Agency.*

**BANK RECONCILIATIONS**

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- 3) Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

**Results:** *We obtained a listing of all CCOC's bank accounts and management's representation that the listing is complete.*

- 4) Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
  - (a) Bank reconciliations have been prepared;
  - (b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
  - (c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

**Results:** *Bank reconciliations have been prepared on all bank accounts reviewed. From our discussion with management, we found that due to the small size of the accounting department, it is not feasible to have someone who has no involvement with transactions prepare the bank reconciliations. The established compensating control is that the Accounting Clerk who has no authority to (1) sign checks; or (2) receive and deposit cash; or (3) authorize disbursements, is responsible for preparing the bank reconciliations.*

*The CCOC's policy is that monthly bank reconciliations are to be done by the accounting clerk within 10 days of receipt of the bank statements, and are to be signed and dated by the preparer and the reviewer. We found no evidence of review, nor signoff by the preparer on the bank reconciliations. Two of the bank accounts reviewed included reconciling items that have been outstanding for more than 6 months, with no indication that these items have been researched.*

## **BANK RECONCILIATIONS - CONTINUED**

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### **Management's response on procedure 4:**

See attached letter from the CCOC dated August 30, 2018.

## **COLLECTIONS**

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- 5) Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

***Results: There are two cash collection locations for CCOC. Management has represented that these are the only collection locations for the agency***

- 6) Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations).

For each cash collection location selected:

- (a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

***Results: We found that CCOC employees are not bonded. Receipts are collected by the cashiers in the Magistrate's office and the administrative staff that receives the mail in the CCOC's Office. There is only one cash register in the Magistrate's office for all persons collecting cash, however, each individual has a log in to the system and logs out when leaving the register. At the end of the day all receipts collected at the Magistrate and Administrative offices are brought to the accounting department who prepares the deposit slips. An individual not associated with any accounting functions takes the deposits to the bank.***

### **Management's response on procedure 6(a):**

See attached letter from the CCOC dated August 30, 2018.

- (b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

**COLLECTIONS - CONTINUED**

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**Results:** *CCOC does have a written policy for reconciling cash collections to the general ledger by revenue source. All collections are brought to the accounting office daily for preparation of the bank deposit and reconciliation to the general ledger by revenue source. The persons responsible for cash collections are not responsible for reconciling cash collections to the general ledger.*

- (c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
  - ◆ Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
  - ◆ Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

**Results:** *All deposits reviewed can be traced to the corresponding bank statement; however, 2 of the deposits were made six days after receipt. Supporting documentation for deposits was present for all reviewed transactions.*

**Management's response on procedure 6(c):**

See attached letter from the CCOC dated August 30, 2018.

- 7) Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

**Results:** *CCOC does not have a written policy specifically defined to determine completeness of collections.*

**Management's response on procedure 7:**

See attached letter from the CCOC dated August 30, 2018.F

**DISBURSEMENTS - GENERAL (EXCLUDING CREDIT CARD / DEBIT CARD / FUEL CARD / P-CARD PURCHASES OR PAYMENTS)**

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- 8) Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

***Results: We obtained a listing of all cash disbursements and management's representation that the listing is complete.***

- 9) Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments.

Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- (a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
- (b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
- (c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

***Results: We randomly selected 25 transactions and reviewed for the above attributes and found that 1 transaction did not have the required purchase order, approvals, or a receiving document attached to the invoice.***

**Management's response on procedure 9:**

See attached letter from the CCOC dated August 30, 2018.

- 10) Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

***Results: LH has determined that the person who processes payments, the Accounting Assistant, also adds vendors to the purchasing/disbursement system. Although the Accounting Assistant is able to add vendors, these vendors have already been through an approval process on multiple levels. In addition, once the Accounting Assistant processes payments, dual signatures are required from other personnel for the processing of payments to be complete.***

**DISBURSEMENTS - GENERAL (EXCLUDING CREDIT CARD / DEBIT CARD / FUEL CARD / P-CARD PURCHASES OR PAYMENTS) - CONTINUED**

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- 11) Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

**Results: The Accounting Supervisor who does have responsibility for initiating or recording purchases is a signor on the accounts. The compensating control is that once the checks are signed by the Accounting Supervisor, they must then be sent, along with supporting documentation, to the the Clerk of Court, the Program Administrator, or the Executive Assistant to the Clerk of Court (in emergency cases only) for a second signature.**

- 12) Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

**Results: The supply of blank check stock is maintained in a locked area. The Accounting Supervisor, who has signatory authority, has access to the locked area. The compensating control is that once the checks are signed by the Accounting Supervisor, they must then be sent, along with supporting documentation, to the the Clerk of Court, the Program Administrator, or the Executive Assistant to the Clerk of Court (in emergency cases only) for a second signature.**

- 13) If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

**Results: A signature stamp or signature machine is not used. All checks require dual signatures and are maintained under the control of the signor(s) until mailed.**

**CREDIT CARDS / DEBIT CARDS / FUEL CARDS / P-CARDS**

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- 14) Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

**Results: We obtained a list of all credit cards including the card numbers and the persons who had possession of the cards, and management's representation that the listing is complete. Five fuel cards were included in the list of credit cards. Per management, the City of New Orleans maintains the fuel cards for the CCOC employees; the CCOC does not receive nor pay these invoices. Therefore LH did not include the fuel cards in our tests.**

**CREDIT CARDS / DEBIT CARDS / FUEL CARDS / P-CARDS - CONTINUED**

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- 15) Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- (a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
- (b) Report whether finance charges and/or late fees were assessed on the selected statements.

**Results:** *It was determined that there are 2 active credit cards. LH selected 1 card (1/3 of all cards) to perform procedures. LH obtained the monthly statements for the period and selected the statement with the largest dollar activity. We found that the credit card statements and supporting documentation was reviewed by someone other than the authorized card holder. No finance charges were included on the credit card statements reviewed.*

- 16) Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- (a) For each transaction, report whether the transaction is supported by:
- ◆ An original itemized receipt (i.e., identifies precisely what was purchased)
  - ◆ Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
  - ◆ Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

**Results:** *For the 35 transactions reviewed, all transactions are supported by an original itemized receipt, documentation of business purpose, and written authorization.*

- (b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

**Results:** *For the 35 transactions reviewed, all transactions were in accordance with the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law. No exceptions were noted.*

## CREDIT CARDS / DEBIT CARDS / FUEL CARDS / P-CARDS - CONTINUED

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- (c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

**Results: For the 35 transactions reviewed, the entity's documentation followed the requirements of Article 7, Section 14 of the Louisiana Constitution. No exceptions were noted.**

## TRAVEL & EXPENSE REIMBURSEMENT

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- 17) Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

**Results: We obtained a listing of all travel and related expense reimbursements and management's representation that the listing is complete.**

- 18) Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

**Results: We obtained CCOC's travel and expense reimbursement policy and found that the policy reimbursement rate did not exceed the per diem and mileage rates established by the U.S. General Services Administration.**

- 19) Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- (a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

**Results: It was found that each expense was reimbursed or prepaid in accordance with CCOC's written policies.**

## TRAVEL & EXPENSE REIMBURSEMENT - CONTINUED

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- (b) Report whether each expense is supported by:
- ◆ An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
  - ◆ Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
  - ◆ Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

**Results:** *All expenses were supported by the necessary supporting documentation and were in accordance with the CCOC's written policies.*

- (c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

**Results:** *We compared the entity's documentation to the requirements of Article 7, Section 14 and no exceptions were noted.*

- (d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Result:** *We found that each expense and the related documentation was reviewed and approved in writing by someone other than the person receiving the reimbursement.*

## CONTRACTS

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- 20) Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

**Results:** *We obtained a listing of all contracts in effect during the fiscal period and management's representation that the listing was complete.*

- 21) Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

## CONTRACTS - CONTINUED

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- (a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

**Results:** *There are formal written contracts that support the services arrangement and the amounts paid.*

- (b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
- ◆ If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
  - ◆ If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

**Results:** *None of the contracts were subject to the Public Bid Law. There was no documentation indicating that the entity solicited quotes as a best practice.*

- (c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

**Results:** *None of the reviewed contracts were amended.*

- (d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

**Results:** *The largest payment for each of the five contracts selected were supported by an invoice which was found to be in agreement with the contract terms and conditions.*

- (e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

**Results:** *Not applicable to CCOC.*

## PAYROLL AND PERSONNEL

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- 22) Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

**PAYROLL AND PERSONNEL - CONTINUED**

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- (a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
- (b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

***Results: We obtained a listing of all employees including their salaries and management's representation that the listing was complete. The above procedures were performed with no exceptions noted.***

23) Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- (a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

***Results: It was found that the selected employees had documented their daily attendance and leave time.***

- (b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

***Results: There is written documentation of supervisory review of attendance and leave records.***

- (c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

***Results: There is written documentation that the entity maintained written leave records on the selected employees.***

24) Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

## **PAYROLL AND PERSONNEL - CONTINUED**

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**Results: We obtained a list of terminated employees including management's representation that the listing was complete. As employees are paid by the City of New Orleans, LH reached out to the City to obtain documentation for the selected termination payments. The City has not responded to our request, and therefore this procedure could not be completed.**

- 25) Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

**Results: LH requested the necessary information from the City of New Orleans to complete the payroll tax and retirement contribution testing above. At this time, the City of New Orleans has not responded to our request, and therefore this procedure could not be completed.**

**The CCOC has a separate payroll account for election employees which is processed through a third party service provider. The third party service provider remits all applicable taxes and prepares all required payroll tax returns. LH reviewed payroll reports in conjunction with the general ledger entries and found the required taxes have been remitted to the third party service provider for each payroll processed.**

## **ETHICS (EXCLUDING NON-PROFITS)**

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- 26) Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

**Results: We determined that the entity maintained documentation to demonstrate that the required ethics training was completed for the five randomly selected employees.**

- 27) Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

**Results: Management represents that there were no ethics violations reported to the entity during the fiscal period.**

***Debt Service (excluding nonprofits)***

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- 28) If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.
- 29) If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.
- 30) If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

***Results: The Agency does not have any debt and therefore, this section is not applicable.***

**OTHER**

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- 31) Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

***Results: Per our discussion with management, there were no misappropriations of public funds or assets during the fiscal period.***

- 32) Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at ) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

***Results: We observed that the entity has posted the required fraud poster as required by R.S. 24:523.1.***

- 33) If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

***Results: We found no exceptions to management's representations regarding above procedures.***

Honorable Arthur Morrell  
Agreed-Upon Procedures  
1/1/17 - 12/31/17

## CONCLUSION

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We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

*LeBlanc Hauskrecht, L.L.P.*

Metairie, Louisiana  
September 7, 2018



ARTHUR A. MORRELL  
CLERK OF COURT



2700 Tulane Ave. #114  
New Orleans, LA 70119

CLERK'S OFFICE  
CRIMINAL DISTRICT COURT  
CHIEF ELECTIONS OFFICER

OFFICE (504) 658-9000  
FAX (504) 658-9183

## **Agreed Upon Procedures 2017 Management Response August 30, 2018**

### **WRITTEN POLICIES AND PROCEDURES**

#### ***Management's response on procedure 1:***

*The Clerk of Criminal District Court is currently conducting a review of its current policies and state law to develop new policies in accordance to state law.*

### **BANK RECONCILIATIONS**

#### ***Management's response on procedure 4:***

*Due to the closing and switch of an account, reconciliation was not performed in a timely manner. A review of reconciliations were done, management must formerly sign off and will do so moving forward. Any and all outstanding clean ups will be addressed in a timely manner.*

### **COLLECTIONS**

#### ***Management's response on procedure 6(a):***

*Management is currently seeking a bonding company.*

#### ***Management's response on procedure 6(c):***

*Making timely deposits has always been a priority for the Clerk of Criminal District Court. A specified individual has the duty of making deposits. A second individual will be placed on standby for the absences to ensure timely deposits.*

#### ***Management's response on procedure 7:***

*The Clerk of Criminal District Court is currently conducting a review of its current policies and state law to develop new policies in accordance to state law*

### **DISBURSEMENTS - GENERAL (EXCLUDING CREDIT CARD / DEBIT CARD / FUEL CARD / P-CARD PURCHASES OR PAYMENTS)**

#### ***Management's response on procedure 9:***

*Management will do more training with staff on the required supporting documents needed for all disbursements.*

**Arthur A. Morrell**  
**Clerk of Criminal District Court**